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Ice factories.

* 18 Q.—SRI P. VEERABHADRASWAMI: Will the Hon. the Minister for Rural Development be pleased to state—

(a) whether the Government propose to instal ice factories to produce ice for preserving fish;

(b) whether machinery has been purchased, and if so, at what cost and for how many factories; and

(c) where these factories will be established?

THE HON. SRI V. KURMAYYA :—“(a) Yes.

“(b) Two four-ton ice plants have been purchased from the Army Disposals at a cost of Rs. 34,000 each. Orders have been placed for the supply of two units of ice factories-cum-cold stores at total estimated cost of Rs. 4,20,000. It is proposed to instal two ice-making plants as well as two ice factories-cum-cold stores.

“(c) The two ice-making plants are proposed to be installed one at Tanur (Malabar district) and the other at Adirampatnam (Tanjore district). The two ice factories-cum-cold stores will be installed, one at Mangalore and the other at West Hill.”

II.—MESSAGE FROM THE ASSEMBLY.

MR. PRESIDENT :—“I have to announce that the following message, dated the 24th February 1948, from the Speaker of the Madras Legislative Assembly has been received by me :—

“In accordance with rule 94 of the Madras Legislative Assembly Rules, I transmit a copy of the Madras Prohibition Amendment Bill (L.A. Bill No. 11 of 1948), as passed by the Assembly, for the concurrence of the Council.”

III.—BUDGET FOR THE YEAR 1948-49.

THE HON. SRI B. GOPALA REDDI :—“Sir, I rise to present to the House the Revised Estimates for the current year, 1947-48, and the Budget Estimates for the next year, 1948-49.

Introductory.

2. Since my predecessor presented the budget estimates of the current year in March 1947, many momentous events have happened which have a far-reaching and intimate relationship with the future of our country. The decision of the British Government to transfer power before the 30th June 1948 and the actual implementation of it on the 15th August 1947 is the grandest and the most memorable of them all. There cannot be a greater day for the country than that day when the freedom for which the people strove, worked and suffered innumerable privations and sacrificed in a manner which has no parallel,

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became a glorious fact and a proud achievement. With every flag that went up, our hearts shrunken with the shame of slavery unfolded themselves and fluttered with the throb of a new-found joy. Every lamp that was lighted that day mirrored the great glow of freedom that had just dawned. We marched out of our households with a halo of triumphant joy silently remembering our great Captain, and his brave crew for having brought us safe to the shore of freedom, notwithstanding the stormy waves of imperialism beating our ship back. We felt thrilled as though we had been blind all the while, and having miraculously regained our eye-sight, had been enabled to see the full moon in conjunction with Venus and Mercury.

Burma too gained her Republican Independence on the 4th of January, and Ceylon her Dominion Independence on the 4th instant. The pageant of joyous festivities that were witnessed in Delhi and in Madras were re-witnessed in the streets and the households of Rangoon and Mandalay and of Colombo and Kandy. Madras has vital connexions with these two countries and is naturally interested in the progress these neighbours are making. At long last, Britain enunciated a bold policy of wise statesmanship and allowed countries to regain their national freedom. The United States of America also allowed the Philippines to have her full freedom. How we wish that other continental countries, which were vanquished and beaten in the recent war, would emulate the noble example of the United States of America and the United Kingdom! We want Indonesia, Indo-China and other Asian and African countries to be free, so that the world may not re-witness wars, born in the lap of Imperialism. We are immediately concerned with the policy of the French with regard to their dependencies. Our policy of Prohibition stands in great jeopardy without their co-operation.

Amirtha (nectar) alone did not emerge out of the churned ocean. *Halahala* (poison) was also there. Division and disunity became twins with freedom. National integrity had to be sacrificed for liberty. The unity that was obtained and maintained through long years had to be given up. What ensued after the publication of the award of the Boundary Commission is the blackest chapter in the whole course of

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our history. Brutal deeds, heinous acts, unspeakable atrocities on women and children, loot and arson, perpetrated in the name of religion became man's second nature and thousands were killed and hundreds of thousands were uprooted from their homesteads and became strangers and foreigners to their own villages. Can a worse calamity overtake a country just entering into the threshold of freedom? As if this was not enough, came the blow of Gandhiji's death. He died a violent death, because he wanted people of all religions in India to live happily and in peace, because he preached amity and unity. He stood high above current controversies and pleaded for fair treatment to all communities. He led a glorious life, perhaps unique and unparalleled in history, blending the secular and the spiritual, the political and the ethical, equally loved by religious people and statesmen, esteemed and venerated by the cultured and the uncultured, but in his *Nishkramana* (departure) he attained a higher level of excellence, worthy of the greatest *Karmayogin* of our times. He achieved liberty for us, paved the way for equality and died in the cause of unity, without which all our plans for development and progress would be futile expensive experiments. His life-story has all the splendour of an epic, replete with powerful problems, mighty struggles and thrilling incidents. It is a melancholy coincidence that Gandhiji died on the *Pushya Bahula Panchami* day, the day that saw the death of a great Saint and artist one hundred and one years ago; I mean Sri Tyagaraja whom I consider as the greatest South Indian ever born. It is our misfortune that Gandhiji is not with us to help us in our Firka Development work in the Harijan Welfare work and to bless us on our decision to have complete Prohibition. Madras has the proud privilege of taking up seriously the question of Prohibition which was so dear to Gandhiji and in commemoration of his eightieth birthday on October 2nd this year. I am happy to announce that the entire Province of Madras will go dry on and from that sacred day. Speaking on the 1st September 1937, while introducing his first Budget, Sri C. Rajagopalachari, the then Premier and Finance Minister, said: 'We regard the introduction of the prohibition of intoxicating drinks and drugs as of such vital and

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fundamental importance to the well-being of the people that we felt that, at whatever cost, an effective start must be made at once The problem of Prohibition has been complicated by the revenue from Drink having been worked deep into the financial structure of the Province Our policy is finally settled and there can be no question of withdrawal from it.'

What was then a start, is nearing its goal of complete Prohibition. The enthusiasm of the people for Prohibition is something unimaginable. I had the privilege of seeing it in the eyes of thousands of men and women that greeted me when I went to inaugurate Prohibition in my own district of Nellore. When they are pleading with us fervently to be rescued from this evil and when we had promised to be their saviours when we went to them on our electoral mission, what right have we to organize drink and derive revenue out of it? Let Prohibition be our biggest developmental work. Though negative in its character, let it be the source from which all our developmental and creative work flows.

Constitu-
tional
changes.

3. The transfer of power to the Dominion of India on the 15th August 1947 has had consequential changes in the administration of the Provinces also. Though the Governor continues to be the head of the Province, he has now no special responsibilities, nor does he act in any matter in his individual judgment or discretion as before. In other words, the Council of Ministers have become fully responsible for the administration of the Province. There has also been a change in the items of expenditure 'charged on the revenues of the Province' and thereby removed from the vote of the Legislative Assembly. An important change is that the pay, allowances and pensions of the officers previously appointed by the Secretary of State for India have become votable with effect from the 15th August 1947. The main items of expenditure which still continue to be charged on the revenues of the Province are expenditure relating to His Excellency the Governor and his staff. Debt charges, salaries and allowances of Ministers and the Advocate-General, salaries, allowances and pensions payable to the Judges of the High Court and to the Members and staff of the Public Service Commission, the administrative expenses of the High Court, expenditure connected with the administration of the Excluded Areas

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(that is, the Laccadives and Aminidivi Islands), sums required to satisfy any judgment, decree or Award of any Court or Arbitral Tribunal, and expenditure declared by any Act of the Provincial Legislature specifically to be 'charged on the revenues of the Province,' such as, compensation to local bodies for loss of income from fees for licences granted to motor vehicles and loss of income from tolls and taxation of motor vehicles. The result is that the 'charged' expenditure has been reduced from about 7 per cent to about 5 per cent of the total expenditure of the Province.

3-A. As hon. Members are aware, under instructions from the Government of India the administration of the Muslim State of Banganapalle was taken over by the Madras Government on the 20th. The terms of agreement signed by the Nawab have not yet been communicated to this Government by the Government of India. The financial implications will be worked out in due course. The area of Banganapalle State is 275 square miles and the population 44,631 mostly Hindus.

Accounts, 1946-7.

4. Turning now to the financial affairs of this Province, I will first give you, as usual, the final result of the year 1946-7. The Revised Estimate for that year anticipated a revenue surplus of Rs. 39 lakh, after taking credit for Rs. 826 lakhs to be transferred from the Revenue Reserve Fund. The latest accounts of the year show that only Rs. 501 lakhs had to be transferred from the Revenue Reserve Fund so as to leave a surplus of part of a lakh (Rs. 0.64 lakh) in the Revenue Account. The betterment of over Rs. 3 crores was the net result of smaller expenditure on Revenue Account to the extent of over Rs. 6 crores, offset by an increase of about Rs. 3 crores under net outlay on the State Trading Schemes. The decrease in expenditure on Revenue Account was spread over a number of heads, and much of it represented postponement of expenditure that, for various reasons, could not be incurred within the year. I shall not trouble you now with any details regarding the heads concerned. They will be found in the Budget Memorandum. The net debit on account of State Trading Schemes was Rs. 1219.51 lakhs, as against the Revised

Accounts,
1946-7.

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Estimate of Rs. 901.36 lakhs. The increase was due mainly to larger outlay on subsidies on imported food-grains and larger stocks on hand at the end of the year. Capital outlay outside the Revenue Account also showed a decrease of about Rs. 1.5 crores as compared with the Revised Estimate. This occurred mainly under Capital Outlay on Electricity schemes because some items of machinery and plant ordered and expected within the year were not received during the year, and therefore the progress of new schemes and extensions was slower than had been anticipated. The variation in the Debt and Deposit section was relatively small.

Revised
Estimate,
1947-8.
Seasonal
conditions.

Revised Estimate, 1947-8.

5. I now come to the current year, 1947-8. The last Budget Speech anticipated that, owing to the favourable seasonal conditions in 1946, the food situation would improve and an appreciable reduction might be possible in the imports of foodgrains from outside the Province. Unfortunately, the seasonal conditions in 1947 have been very unsatisfactory. The standing crops in most parts of the Presidency (except the Circars) were adversely affected by the failure of the north-east monsoon. In the Circars, the crops suffered damage from cyclones and excessive rain. The total area cultivated in the Province from April to November 1947 was below normal and less than the corresponding figure for the previous year. As a result of these unfortunate developments, the loss of paddy in particular has been extensive in the southern and central districts, the West Coast and the districts of Kistnā and Guntur."

THE HON. SRI B. GOPALA REDDI:—" May I know whether I should read the whole speech? "

MR. PRESIDENT:—" The Hon. Minister is expected to do so."

THE HON. SRI B. GOPALA REDDI:—" All right, I am here for it.

Food posi-
tion.

6. The food position of the Province has again become very difficult due to these losses. As things now stand, the Province has to face a total deficit of about 1.3 million tons of rice and 0.8 million tons of millets in round figures in the current Kharif year, i.e., from November 1947 to the end of October 1948.

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The Government of India first allotted a total import quota of 200,000 tons of foodgrains to the Province for the Kharif year 1947-8, but have now raised it to 400,000 tons. Even this is sadly inadequate in comparison with the deficit in the Province, and we are pressing on the Government of India the need for further help.

7. In order to tide the Province over the difficult food situation in 1947, the Government sanctioned in July 1947 the payment of a bonus to the ryots to induce them to sell their surplus stocks of foodgrains to the Government. It was announced that a bonus at the rate of Re. 1 per imperial maund would be paid to producers for paddy delivered by them from the 1st December 1946 to the 6th December 1947 and at 8 annas per imperial maund for millets delivered during the months of September and October 1947. Under the paddy bonus scheme, one half of the bonus is paid to the producer in cash and the other half in the shape of manures, such as groundnut-cake, chemical fertilizers and green manure seeds - to be used for manuring the producer's land and so increasing the amount of food produced. The cash bonus is being recovered from the consumers by an equivalent increase in the retail price of rice. The cost of the bonus in kind (in the shape of manures), which is utilized directly on increasing food production, is met by the Government as a subsidy under the Grow More Food Campaign. The total net cost to the Government of this food bonus scheme in respect of about 22 lakhs of tons of paddy procured up to the 6th December 1947 comes to about Rs. 3 crores, and the Government of India have been requested to meet half of this.

Procurement and distribution of food-grains.

In view of the big increase in the cost of cultivation and in order to give producers a sufficient inducement to increase the production of foodgrains for sale, the Government recently increased the f.o.r. and wholesale prices for rice by Rs. 2 per imperial maund subject to some reclassification of sorts, and those for millets by Re. 1 per imperial maund.

In consonance with the policy of the Government of India, this Government are adopting measures for the gradual decontrol and derationing of foodgrains. Intensive procurement has been given up in most of

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the deficit districts and is now confined to the surplus taluks in the districts of East Godavari, West Godavari, Kistna, Guntur, Nellore, Tanjore, Trichinopoly and South Arcot, and to two deficit districts, viz., Malabar and the Nilgiris. The grain procured in the first six surplus districts will be used to feed first the statutorily rationed areas in the deficit districts and then the deficit pockets in them. As a safeguard against distress in the highly deficit pockets of the deficit districts, Collectors have been instructed to open relief shops in them where foodgrains will be sold at 6 ounces per adult per day for a day at a time. The imports from outside the Province are also diverted to deficit districts, but these imports are not likely to be large enough to bridge the gap between production and the quantity required for consumption. Collectors have therefore been empowered to adopt a system of levy for acquiring foodgrains from big landholders and to acquire foodgrains from stock-holders when necessary. The supplies so acquired will supplement the import quotas allotted to deficit districts for use in the statutorily rationed areas and the deficit pockets.

The position regarding millets and pulses deteriorated rapidly from September 1947. The Central Government allotted 14,000 tons of foreign milo for the months of October to December 1947, and 60,000 tons of coarse grains, mostly maize, for the year 1948. Consignments of maize against the coarse grains allotment have begun to arrive and are being rushed to the needy areas. These grains are sold at prices corresponding to those of locally grown millets, and the additional cost is met by a Government subsidy.

The controls exercised by this Government over the movement, prices and disposal of pulses including Bengalgram were removed some time back in pursuance of the general policy of decontrol. The market prices of pulses have generally tended to fall to some extent after the withdrawal of control, and it is therefore likely that the Government will have to incur some loss in selling their outstanding stocks of pulses.

Till 1947, the Government of India were bearing the entire cost of subsidizing foodgrains imported from overseas so that they could be sold at prices on a level with those for foodgrains produced in India. In connexion with the policy of gradual decontrol now

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adopted by them, they have decided that from 1948 they will bear only two-thirds of the cost of the subsidy, leaving the remaining one-third to be borne by the Provincial Government.

8. The rationing of foodgrains is being gradually withdrawn. The Essential Articles Restricted Requisitioning Order, 1947, has been brought into force throughout the Province from the 24th December 1947 to prevent hoarding and cornering of stocks by rich persons and to encourage the free flow of stocks to the market.

Rationing of foodgrains, etc.

As hon. Members are aware, certain other food-stuffs also have been decontrolled, namely, sugar, jaggery, butter, ghee, cream, potatoes, onions and dried or cured fish and prawns. The Government are actively considering the question of decontrolling other minor commodities.

The scheme of statutory rationing of firewood in Madras City has been sanctioned till the end of March 1949. The question whether the rationing could not be abolished earlier is under consideration.

As a result of the policy of gradual decontrol, there will be a gradual reduction in the staff employed for the control schemes. The savings on this account in 1947-8 will not be appreciable. The total amount provided in the Revised Estimate for 1947-8 for expenditure on staff employed in connexion with the control schemes administered by the Civil Supplies Department is Rs. 116 lakhs.

9. Following the policy of the Government of India, the Government have recently directed the abolition of the system of rationing of mill cloth and yarn. As a consequence, the staff in the Textile Department is being suitably reduced.

Textile control and rationing of mill cloth.

10. During the period April to December 1947, the average monthly wholesale prices showed an increase of 7.11 per cent in the case of rice, 1.37 per cent in the case of cumbu, and 1.06 per cent in the case of ragi, while there was a decrease of 2.75 per cent in the case of cholam. The index number of the average wholesale prices of foodgrains in the Province in the half year from the 1st July to the 31st December 1947 was 267 against 254 in the corresponding period of the previous year. In the case of commercial products, the corresponding figures were 424 and 392,

Prices.

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respectively. The working classes cost of living index for Madras City for December 1947 was 298.9 as against 249.0 in December 1946. The prices of consumers' goods generally continue to be high. It is hoped that production will become more adequate to meet the demand and that prices will fall gradually to a more reasonable level.

Grow More
Food
Campaign.

11. In the current year, work has begun on the execution of a Five-year Plan for increasing food production in the Province. The target is an increased annual production of 6.5 lakhs of tons of rice by the end of 1951-52. Of this, an annual production of one lakh of tons of rice is to be achieved by irrigation schemes including the digging of wells and the rest by measures taken in the Agricultural Department. The cost of the part of the Five-year Plan relating to the Agricultural Department is estimated at about Rs. 3 crores non-recurring and Rs. 6 crores a year recurring. It includes schemes relating to the supply of seeds, manure, iron and steel on a large scale, a comprehensive scheme for the control of pests and diseases of crops, a scheme for the training of Agricultural and Science graduates and fieldmen in Horticulture and schemes for encouraging mechanized cultivation by the use of modern agricultural machinery. The Agricultural Engineering Branch started in 1946 is assisting the ryots in all matters relating to agricultural implements and machinery, lift irrigation, well-sinking, power farming, and soil conservation problems. It helps the ryots to keep their machinery and equipment in good working order and hires out engines, pumping sets and tractors to them at concessional rates. The Agricultural Department has 50 tractors at present and the Government have recently sanctioned the immediate purchase of 50 more tractors to meet the increased demand for them for land reclamation. Half the net cost of the scheme sanctioned for the hiring out of tractors is met by the Central Government. The Department also has 724 petrol pump sets and 12 Diesel oil engine pumps available for hire to agriculturists. A large number of pump sets has also been sold to ryots. The concessional rates of hire charges for pump sets will be in force up to the end of September 1948.

The new well subsidy scheme has been in force from March 1947 throughout the Province except in the

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Nilgiris and Madras City. This scheme does not cover repairs to old wells, but it makes special provision for subsidies in South Kanara and Malabar for the construction of new tanks and repairs to old tanks. The subsidies under this scheme are granted first as loans, which will be converted later into subsidies on satisfactory completion of the works before the 30th June 1948. The maximum limit of the subsidy varies from Rs. 300 to Rs. 500 in different classes of cases. The Collectors and the Board of Revenue have been empowered to increase the subsidy, where necessary, up to Rs. 1,000 and Rs. 2,000 respectively in the case of tanks in South Kanara and Malabar. The total amount provided in the Revised Estimate for the current year for the payment of these subsidies is Rs. 160 lakhs, one-half of which will be met from the block grant made by the Central Government. A further provision of Rs. 160 lakhs has been made for this scheme in the Budget Estimate for 1948-9.

The total provision made in the Revised Estimate for 1947-8 on account of Grow More Food Schemes (other than those treated as Post-war Development Schemes) is Rs. 336 lakhs, as shown in Appendix II to the detailed Budget Estimate for 1948-9.

12. In the Budget Estimate for 1947-8, a total provision of Rs. 12.81 crores was made for Post-war Development Schemes, including Rs. 3.68 crores for capital outlay on Electricity Schemes and Rs. 1.70 crores for capital outlay on unproductive irrigation projects. The Revised Estimate for the year provides only Rs. 8.61 crores, including Rs. 2.42 crores for capital outlay on Electricity Schemes and Rs. 1.56 crores for capital outlay on unproductive irrigation projects, as the progress of work has been slower than was anticipated. In the Budget Estimate for the current year credit was taken for grants from the Central Government towards the outlay on Post-war Development Schemes to the extent of Rs. 3.87 crores in the Revenue Account and Rs. 0.39 crore in the Capital Account. The Central Government subsequently decided to give a block grant up to Rs. 6.25 crores in the current year for unproductive Post-war Development Schemes, and Grow More Food Schemes debitable both to Revenue and to the Capital Account. Credit has been taken in the Revised Estimate for

Post-war
Develop-
ment
Schemes.

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1947-8 under the head "Extraordinary Receipts" for this block grant of Rs. 6.25 crores from the Central Government. If the actual outlay in the current year on approved schemes is less than Rs. 6.25 crores, the final credit will be limited to the actual outlay.

Prohibition.

13. The loss of Excise revenue in the current year as compared with the previous year is about Rs. 414 lakhs. This is much less than the loss previously anticipated on account of the extension of Prohibition, mainly on account of the keen competition at the auctions of liquor shops in the non-Prohibition districts.

Village Reconstruction.

14. The last Budget Speech outlined the Government's plans for Rural Reconstruction and Harijan Uplift. A Provincial Firka Development Board has now been constituted to frame schemes of Rural Reconstruction. A Sub-Committee appointed by this Board has drawn up an overall plan of Rural Reconstruction, which aims at organizing a happier, more prosperous and fuller village life, in which every villager will have the opportunity of proper development, both as an individual and as a unit of an integrated society. The Government have this plan now under active consideration. A Firka Development Committee is being set up in each firka or centre to see to the proper execution of schemes of Rural Reconstruction. The Government have sanctioned for each firka or centre, Rs. 50,000 for making improvements in rural water-supply and Rs. 50,000 for communications. A block grant of Rs. 10,000 for each firka or centre has also been placed at the disposal of each Collector to provide for urgent minor works, such as widening or improving small footpaths, construction of small culverts, and closing or opening of small channels. A similar block grant has been placed at the disposal of the Provincial Firka Development Officer for expenditure on all the firkas and centres. The supply of electric power to the selected areas is receiving high priority. The Government have undertaken to pay subsidies to cover the deficits (which may amount to about Rs. 2 lakhs per annum) on unremunerative electrification schemes in some of the selected firkas and centres. Attempts are being made to improve the existing facilities for irrigation. The Government wish to make each of the 27 selected firkas and

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7 centres a model for the other areas to follow. This will take time, and it demands a full measure of co-operation, perseverance and enthusiasm on the part of the people."

MR. PRESIDENT:—"Is the House inclined to be considerate to the Hon. Minister?"

SRI R. SURYANARAYANA RAO:—"He can read the concluding portion."

DR. V. K. JOHN:—"We leave it to the discretion of the Hon. Minister."

MR. PRESIDENT:—"I think the Hon. Minister can read such portions as he thinks important."

(The Hon. Finance Minister then read important paragraphs.)

THE HON. SRI B. GOPALA REDDI:—"15. The details of the Khadi Scheme inaugurated by the Government were set out in full in the last Budget Speech. The "Intensive Khadi Scheme" is now in force in seven centres, where the All-India Spinners' Association had previously done some spade-work. The scheme is worked by trained personnel of the All-India Spinners' Association, and the Provincial Textile Commissioner exercises the necessary financial and administrative supervision. Thirty-five sub-centres have been opened so far, against the target of forty-nine as at the end of 1947-8 in the scheme.

Khadi
Scheme.

After carefully reviewing the position in consultation with the representatives of the All-India Spinners' Association, the Government decided in September 1947 that the activities of all private dealers in, and producers of, khadi in the seven centres and a belt area of ten miles round each centre, and in the Kanagala and Tiruppur production centres of the All-India Spinners' Association should be eliminated, so as to leave a clear field for the Government's Khadi Scheme. In order to avoid causing undue hardship, the Government gave these persons time till the 13th February 1948 to wind up their business in these areas.

The Government also decided in September 1947 that the distribution of mill cloth should be stopped in four out of the seven intensive khadi centres and

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that the amount of mill yarn covered by ration cards issued to owners of handlooms in the seven centres and also the number of handloom cloth shops in them should gradually be reduced. The Provincial Textile Commissioner has been working out, in consultation with the Collectors of the districts concerned, the action required to carry out these orders. He has now to examine the matter further in the light of the recent orders withdrawing or relaxing the control over distribution of mill cloth and mill yarn. The Provincial Textile Commissioner has been empowered to prohibit in the "intensive khadi areas" sales and purchases of handspun cotton yarn other than sales to, and purchases by, the Government agency.

From the inception of the Intensive Khadi Scheme in February 1947 up to the end of December 1947, a quantity of 143,975 lb. of cotton has been issued to spinners and 223,552 lb. of yarn have been purchased from spinners. The quantity of cloth produced in the Government centres is 470,092 yards. This does not include the quantity of 164,792 yards woven by the self-spinners themselves. The development of khadi is proceeding satisfactorily in these centres under the Intensive Khadi Scheme.

Cottage
industries.

16. The Government formulated a scheme at the end of 1946 for the development of 32 cottage industries in the firkas selected for intensive rural reconstruction work. The scheme provided for the establishment of 200 training units to impart training to about 3,900 candidates. By April 1947, 114 Instructors and Demonstrators, ten Supervisors and two Pottery Development Officers had been recruited for organizing training units. At present 44 training and demonstration units are functioning in various cottage industries. As many as 550 students have entered on this training from July 1947.

After gaining experience of the actual working of this scheme, the Director of Industries and Commerce considered that it was rather too ambitious. In order to achieve quick results, he suggested concentrating on the development of only six basic cottage industries, namely, pottery, blacksmithy, wood-work, tanning and leather goods manufacture, sheet-metal work, and light-metal casting. The Government are now considering this proposal. In its overall plan for the work of Firka Development, the Sub-Committee

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appointed by the Provincial Firka Development Board has suggested fourteen cottage industries for development in the selected firkas with due reference to local conditions. The Government are considering this suggestion also.

17. In the last Budget Speech, my predecessor mentioned a proposal to start colonies in each district, where Harijans, caste Hindus, Muslims and others would be encouraged to live side by side and maintain the same standards of living. The Government have since appointed a Provincial Harijan Welfare Committee (in the place of the Provincial Labour Advisory Board) with the Hon'ble Minister for Rural Development as its Chairman, and have entrusted that Committee with the work of formulating a five-year plan for Harijan welfare work and drawing up schemes for the utilization of the sum of one crore of rupees set apart for Harijan welfare work. The Committee has also been asked (1) to make suggestions for the improvement of Harijan welfare work in the Labour Department, (2) to report on the enforcement of legislative measures in this field and (3) to examine the possibility of extending the work done by the Labour Department for Harijans to other backward communities. The Committee's report is expected by the end of this month.

Harijan
uplift.

With a view to removing the social disabilities of the Harijans, the Government have passed the Madras Removal of Civil Disabilities (Amendment) Act, 1947, and offences under the Act are now cognizable. A second or subsequent offence is punishable with imprisonment.

The Government have now extended the activities of the Labour Department to all districts except the Nilgiris.

During the current year, the conditions governing the lump-sum boarding grants to Harijan hostels have been made more liberal, and grants have been sanctioned for 1,746 additional inmates of Harijan hostels at an extra cost of Rs. 2.62 lakhs a year.

18. In July 1947, the Government sanctioned a scheme for the formation of a Co-operative Cattle Breeding Society at Mecheri in Salem district, where there are adequate grazing facilities, for a period of

Village Live-
stock
Improve-
ment.

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three years in the first instance. The scheme aims at providing, through a co-operative society, the number of stud bulls required by the ryots.

A comprehensive scheme for the improvement of village livestock is also under consideration.

Housing.

19. In order to assist in relieving the acute scarcity of houses in the Province, steps are being taken to organize Co-operative Housing Schemes in urban areas. Housing Committees were constituted by Collectors in most municipalities and major panchayats to select suitable sites for housing schemes. Most of them have selected sites, and the Co-operative Department are now organizing House Construction Societies, which will construct houses in the places selected by the Committees and sell them to members on the hire-purchase system. Such societies have already been formed in Madras City and some important towns like Tanjore, Trichinopoly and Palamcottah. The Government are meeting the cost of a Deputy Registrar of Co-operative Societies for the Madras City House Construction Society and of a Co-operative Sub-Registrar for each mufassal society. A total provision of Rs. 100 lakhs—Rs. 25 lakhs in the Revised Estimate for 1947-8 and Rs. 75 lakhs in the Budget Estimate for 1948-9—has been made for the grant of loans by the Government to the House Construction Societies.

The Madras Buildings (Lease and Rent Control) Act, 1946, has been extended to all major panchayats and to other places recommended by Collectors.

Estates
Legislation.

20. Under the Madras Estates Land (Reduction of Rent) Act, 1947, the Government have appointed a Special Officer with twelve Deputy Collectors as assistants, to fix fair rents for ryoti lands in estates. As the Hon'ble Members are aware, a Bill for the Repeal of the Permanent Settlement and the conversion of zamindari lands into ryotwari has been introduced in this House and referred to a Joint Select Committee. Before an estate is taken over by the Government, it will have to be surveyed or resurveyed, and a ryotwari settlement will have to be carried out. No survey parties are now functioning. The Government have therefore sanctioned a scheme for recruiting surveyors, draughtsmen and computers and training them with a view to forming survey parties in due

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course. The cost of training this staff is estimated roughly at Rs. 1,35,000. The cost of survey and settlement of the estates to be taken over is estimated at Rs. 67.5 lakhs and the work is likely to take about five years.

21. With a view to carrying out the policy of reform of land tenures laid down in the Election Manifesto of the Congress, the Government have taken up the question of regulating the relationship between ryotwari landholders and their tenants. A Special Officer was appointed to investigate land tenures in districts other than Malabar (which is governed by the special provisions of the Malabar Tenancy Act), and make recommendations. His report is under examination. Pending the enactment of comprehensive legislation, the Government intend to introduce *interim* legislation to give temporary protection to tenants of ryotwari landholders in these areas against eviction and enhancement of rent.

Land Tenure
Reforms in
Ryotwari
areas.

The question of amending the Malabar Tenancy Act so as to secure a more equitable adjustment of the rights of landlords and tenants in Malabar is also under active consideration. Meanwhile the Madras Tenants and Ryots' Protection Act, 1946, gives temporary protection to tenants in Malabar against eviction and sale of their holdings.

22. The Budget for the current year took credit for an additional revenue of Rs. 1 crore from the proposed tax on agricultural income. The Government have deferred consideration of this proposal and the credit has been omitted in the Revised Estimate.

Taxes on
Agricultural
Income.

23. With reference to the failure of the north-east monsoon of 1947, the Government have asked the Board of Revenue to submit its recommendations regarding the remission or postponement of collection of land revenue in the affected districts, and meanwhile they have directed the postponement of the collection of the kists in the areas badly affected. The Revised Estimate for 1947-8 allows for remissions amounting to Rs. 20 lakhs and the Budget Estimate for 1948-9 for a further amount of Rs. 50 lakhs.

Land
Revenue.

24. As the hon. Members are aware, changes have been made in the rates of the General Sales Tax and the Entertainments Tax with effect from the 1st

General
Sales Tax,
Entertain-
ments Tax,
etc.

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January 1948. The gross additional revenue anticipated in the current year is Rs. 7.50 lakhs under Entertainments Tax and Rs. 75 lakhs under General Sales Tax. The rates of the Betting Tax were also enhanced in November 1947, and the total receipts in the current year are estimated at Rs. 35 lakhs.

Termination
of the
services of
former
Secretary of
State's
Officers.

25. The House may be interested to have particulars of the number of former Secretary of State's officers released from service and the number still in service. At the time of the transfer of power on the 15th of August 1947, 23 European and 3 Indian I.C.S. officers borne on the Madras Cadre were released by this Government and 10 European officers of the Madras Cadre were released by the Government of India. Nine European and two Indian I.C.S. officers were granted leave preparatory to retirement shortly before the 15th August 1947. Subsequently, one European I.C.S. officer has been released and three European I.C.S. officers have been granted leave preparatory to retirement by this Government. The total number of I.C.S. officers of this Province released from service or granted leave preparatory to retirement thus comes to 51. The number of officers similarly released from the other Secretary of State's Services is 21 in the Indian Police Service, including six Indians, 9 in the Indian Forest Service, including one Indian, 4 in the Indian Service of Engineers (all Europeans), and 15 in the Indian Medical Service (all Europeans). Eleven officers of the Indian Civil Service, two of the Indian Police Service and one of the Indian Forest Service opted for service in Pakistan. Six Indian I.C.S. officers were transferred to other Provinces, whilst four Indian I.C.S. officers were transferred to this Province from other Provinces. The number of former Secretary of State's officers still in the service of this Government is:—

Indian Civil Service .. 69, excluding 21 officers who are serving under the Government of India. (Of these, 54 are Indians.)

Indian Police Service .. 26, excluding 3 officers who are serving under the Government of India. (Of these, 18 are Indians.)

Indian Service of Engineers 13, of whom 14 are Indians.

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Indian Forest Service .. 14, excluding 3 officers serving under the Government of India. All of these are Indians.

Indian Medical Service.. 6, of whom 5 are Indians. The sixth officer is the European Surgeon to His Excellency the Governor who will be in service only during the period of office of the present Governor.

Indian Educational Service. 1 Indian Officer.

Indian Veterinary Service. 1 European Officer.

Thus, out of a total of 133 officers still in service in this Province, 106 are Indians. The compensation payable to Indian officers released from service is paid in India. European officers who are entitled to compensation have to apply to the Commonwealth Relations Ministry (India Section) of the British Government for payment. The amounts provided for payment of compensation to Indian officers alone are Rs. 4.13 lakhs in the Revised Estimate for 1947-8 and Rs. 0.60 lakh in the Budget Estimate for 1948-9.

26. The Government recently sanctioned the formation of four new units of Armed Police at an ultimate cost of Rs. 37 lakhs a year recurring and Rs. 151 lakhs non-recurring, including expenditure on the purchase of special equipment. The expenditure in the current year is estimated at about Rs. 90 lakhs. The Government have also sanctioned the immediate formation of a voluntary force known as the Home Guards, which will be a disciplined and self-reliant citizen force available to be called out to assist the Police Force in the maintenance of law and order in emergencies.

Additional
Police.

27. In connexion with the Independence Day celebrations, about 7,000 prisoners were released. Under recent orders, prisoners are now classified into two classes, Class I and Class II, with reference to their social standing and mode of life, irrespective of the crime for which they have been convicted. These two classes replace the old A, B and C classes. Political prisoners are classified as 'Special class prisoners.' These orders involve also an increase in the privileges previously allowed to the prisoners.

Jails
Department.

A separate department of Certified Schools has been created with a separate Chief Inspector. The

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Government have also appointed an Adviser in Child Psychology with a view to adopting better methods of reforming juvenile delinquents.

Education
Department.

28. In regard to elementary education, the Government have already announced that it is their policy to develop basic education. For the purpose of organizing basic education throughout the Province efficiently and as soon as possible, two Basic Education Officers have been appointed, one for the Andhra areas and the other for the rest of the Province. Basic schools have been started in certain centres, and the Government have also arranged for the training of the staff of training schools in basic education. We hope that basic education will expand considerably during the budget year, and I shall later mention the new schemes relating to it that have been included in the budget.

The scheme for the extension of compulsory elementary education is also making progress. The expenditure on grants to local bodies and private aided managements for this scheme in the current year is now estimated at about Rs. 39 lakhs. The rates of grants for the teachers of all grades in elementary schools under private aided managements and panchayats were revised with effect from the 1st January 1947 on account of the revision of the scales of pay of teachers. As a consequence, the provision of Rs. 119 lakhs under 'Teaching Grants' to non-Government primary schools (including grants towards dearness allowance) made in the Budget for 1947-8 has been raised to Rs. 172 lakhs in the Revised Estimate for the year.

The Government have also taken up the question of the reorganization of secondary schools. An exhaustive questionnaire was issued and the replies received were considered at the meetings of the Provincial Advisory Board of Education and the Advisory Board for Secondary Education. The proposals are now nearing completion, and it may be possible to put them into operation in the next school year. One of the important aspects of reorganization is the introduction of the scheme of bifurcation at the IV Form stage, which has been approved by educationalists all over India. Provision has been made for the starting of

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technical sections in 50 High Schools, and it is expected that a number of High Schools will be able to start these technical sections in the next financial year.

More than a hundred new High Schools and Middle Schools have been started in the current year by local bodies and private managements. The status of the teachers has been considerably improved in the current year. In connexion with the recent revision of salaries, the managements of aided secondary schools were asked to pay their staff at least the local boards' scales of pay. To enable them to do so, the Government raised the basis of assessment of teaching grants to private aided secondary schools from a half to two-thirds of the approved net cost with effect from the 1st June 1947. In the case of local bodies, with effect from the 1st January 1947 the Government are paying grants towards the cost of maintaining their secondary schools on the basis of half the net cost instead of making fixed payments as they did previously. To give greater opportunities for teachers in the lower grades, 40 per cent of the posts in the cadre of Junior Deputy Inspectors has been reserved for secondary grade teachers in local board and aided school services, and it is proposed to reserve 25 per cent of the posts in the cadre of District Educational Officers for direct recruitment from among L.T. Assistants and Headmasters of local board and aided school services. The Government have also just decided to revise the qualifications required and the scales of pay for Pandits and Munshis in secondary schools.

As the hon. Members may know, two new Engineering Colleges were started last year, one at Cocanada and another for Anantapur at Guindy. The College that was started a year earlier in Coimbatore is also in its infancy now. Arrangements are being made to put these Colleges on a more permanent basis, and it is hoped that it will be possible to shift the Coimbatore and Anantapur Engineering Colleges to their permanent places in the budget year. In view of the keen demand for collegiate education generally, a large number of new private colleges have been opened in the current year and extra accommodation was provided in many Government and other Colleges.

29. The Government have sanctioned schemes for the expansion of the Government Stanley Medical College, Madras, and the Andhra Medical College,

Medical
Department.

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Vizagapatam, and the attached hospitals, so that the number of annual admissions to each of these two colleges may be increased to 100. Work on the reconstruction of the Government Headquarters Hospitals at Trichinopoly, Calicut and Tuticorin, previously held in abeyance, is now being taken up. The expansion of the Government Tuberculosis Sanatorium at Tambaram by constructing new wards has been sanctioned and the work is under execution. Under the post-war scheme of expansion of District Headquarters Hospitals, the hospitals at Ellore, Mangalore and Ramnad will be taken up during the first quinquennium. As the first instalment of the post-war schemes for Combined Medical and Public Health Centres, the Government have sanctioned the opening of 30 village centres and five taluk centres at the rate of six village centres and one taluk centre per taluk in the current year, but they are now considering the question of revising the scheme by reducing the staff and the number of beds in each centre, so that more centres may be opened with the funds available for the purpose.

There have been a number of generous offers recently from philanthropic persons to give donations for the construction of hospitals, but the high cost of building materials and the restrictions on their use have hampered the acceptance of these offers.

At the instance of the Government of India, 58 refugee medical students have been admitted in the various Medical Colleges in this Province, and hostel accommodation has been provided for them.

In June 1947, the Hon. the Minister for Public Health convened a Medical and Public Health Conference to discuss Medical and Public Health problems, with special reference to the recommendations of the Health Survey and Development Committee of the Government of India. The Conference decided to appoint two Committees, one for Medical Education and the other for Medical Relief and Public Health, to make detailed enquiries and report to the Government. The Committee on Medical Education has submitted its report, and it is now under consideration by the Government. The report of the Committee on Medical Relief and Public Health is expected shortly.

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The School of Indian Medicine has been converted into a College from this year and admissions to the L.I.M. course have been stopped. The Government have also sanctioned the opening of a Research Department in Indian Medicine.

30. One of the Government's Post-war Development schemes provides for the extension of piped water-supply to all municipalities and places with a population of not less than 10,000, and of drainage schemes to all places with a population of over 5,000 within a period of 20 years. The execution of water-supply and drainage schemes is, however, slow due to lack of staff and materials and the need for revising the estimates owing to the rise in costs. The Government recently appointed an Expert Committee to advise how progress could best be accelerated. The Committee's report has been made available to the Press and the public and suggestions may be made up to the 28th February 1948. The report of the Committee and any suggestions made will be given careful consideration.

Water-
supply and
Drainage
Schemes.

The Government have also drawn up a Post-war Plan for improving rural water-supply, and have constituted a special fund of Rs. 1 crore in the current year for this purpose. A sum of Rs. 15 lakhs will be set apart every year from revenues for expenditure on rural water-supply. If in any year the expenditure on rural water-supply schemes exceeds Rs. 15 lakhs, the extra expenditure will be met by drawing on the special Fund. If, on the other hand, any balance is left unspent out of the annual allotment of Rs. 15 lakhs, it will be added to the Fund.

Up to now, half grants have usually been given to local bodies towards the cost of expenditure on water-supply and drainage schemes. In the case of rural water-supply schemes, the entire initial cost is met by the Government.

The Water-supply and Drainage Committee has recommended that the entire responsibility for the provision of adequate water-supply and drainage in urban areas also should vest in the Government and that, in order to reduce the consequent burden on the Provincial revenues, all revenues derived from Municipal areas by the sale of water and the like should be pooled into a Provincial Water-supply and Drainage Fund.

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The Government hope that, after they have made their final decisions on the recommendations of the Water-supply and Drainage Committee, it will be possible to go ahead speedily with the provision of good drinking water and drainage facilities for the people of the Province.

National
Highways.

31. The National Highways Scheme has not yet been finally ratified, but it is anticipated that the Government of India will reimburse in full to this Government the entire expenditure on Original Works approved by them and on repairs in respect of National Highways. Credit has been taken in the Revised Estimate for the recovery of Rs. 63 lakhs from the Government of India, and this is shown as a deduction from expenditure.

As the new Highways Department is only just settling down, the progress in road development has been slower than was originally anticipated, but it is hoped that progress will be more rapid next year. The revision of the five-year programme of work on Provincial Highways is under consideration. A programme relating to National Highways has been forwarded to the Government of India.

Relief of
refugees.

32. At the instance of the Government of India, various measures are being undertaken for the relief of refugees from Pakistan. The entire expenditure will be recovered from the Government of India, except for a sum of Rs. 1 lakh which this Government propose to contribute for the purpose in the current year. A provision of Rs. 10,000 for the relief of Madras refugees from Hyderabad is also included in the Revised Estimate.

State
Trading
Schemes.

33. The net outlay on State Trading Schemes in 1947-8 according to the revised estimate amounts to only Rs. 1.18 lakhs against the budget figure of Rs. 6.07 lakhs. The stoppage of the subsidized sales of wheat, the enhancement of the selling prices of foodgrains and firewood issued from Government depots and the sale of the stock of manure originally expected to be held in reserve, have contributed largely to this improvement.

Nationalisa-
tion of
Motor
Transport.

34. The last Budget Speech mentioned that the question of nationalizing motor bus transport was being examined by a Sub-Committee of the Cabinet. The Government decided to nationalize the passenger

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bus services in Madras City first and later on the lorry transport services in the City. The scheme for taking over the passenger bus service in Madras City provides for the running of 300 State buses in the City ultimately. The capital expenditure is estimated at about Rs. 70 lakhs and a net profit of about Rs. 7.80 lakhs a year is expected. The scheme could not be completed by the end of December 1947 as originally intended, due to delay in the receipt of new buses, but it is hoped that the full complement of 300 buses will soon be running. The receipts and expenditure during the first half of 1947-8 indicate that the scheme is progressing satisfactorily.

As regards the nationalization of passenger bus service in the mufassal areas, the Government intend to make a start with this in 1948-9 and to complete it over a period of five years. They are also considering the question of taking over the services on the ghat routes as quickly as possible. The Government will be the dominant partner in the nationalization scheme. The local bodies, the railways and the private operators of motor transport services will also be allowed to participate by subscribing towards the capital outlay up to certain maximum limits, if they so desire.

35. The Budget for 1947-8 provided only a small amount of less than Rs. 4 lakhs for Famine Relief. On account of the failure of the north-east monsoon of 1947, the Government now expect that substantial famine relief measures will be necessary this year and next year. They have provided Rs. 10 lakhs for this purpose in the Revised Estimate for 1947-8 and this amount will be met from current revenues as usual. Collectors have also been asked to take up works of repairs to, or construction of, spring ponds, channels, etc., in order to provide additional employment outside the provisions of the Famine Code in areas affected by the failure of the north-east monsoon. Special allotments have been made for the relief of distress caused by floods in certain areas.

Famine
Relief.

36. As stated in the last Budget Speech, the pay and allowances of the non-gazetted Government servants generally were enhanced with effect from the 1st January 1947. Further increases in the pay of Police and Jail subordinates were sanctioned with effect from

Relief to
Government
servants,
etc.

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the 1st April 1947. The rates of cost of living allowance for the higher-paid Government servants were reduced from the 16th August 1947. The rates of dearness allowance to Government servants, including the temporary addition to pensions were again revised with effect from the 1st January 1948. The question of making the revised rates of dearness allowance applicable to employees of local bodies and private aided schools is under the Government's consideration. A lump-sum provision of Rs. 17.50 lakhs has been made in the Revised Estimate for the additional cost in the current year on account of the revision of dearness allowances from the 1st January 1948.

Retrenchment and Reorganization.

37. In the last Budget Speech, a reference was made to the working of a Retrenchment and Reorganization Committee consisting of five Ministers. This Committee ceased to work on the resignation of the previous Ministry in March 1947. A fresh Committee comprising seven non-official members was constituted in October 1947 with Sri T. A. Ramalingam Chettiyar as Chairman. The matters which the Committee was asked to examine included the effecting of economies in expenditure on new departments and appointments brought into existence during the War and after, the reorganization of departments with a view to reducing cost and increasing efficiency, the amendment of the relevant rules so as to expedite procedure in regard to land acquisition, investigation of and preparation of estimates for irrigation works, rural water-supply schemes and departmental enquiries in disciplinary matters, the system of grants-in-aid for various purposes to local bodies and private managements of educational institutions, and the reorganization of the pension system. The Committee has so far examined the general working of the Civil Supplies, Education, Public Health, Medical, Agricultural, Police and Forest Departments and has made recommendations for retrenchment and reorganization in these departments. It has also dealt with certain general matters like special pays and conveyance allowances, the replacement of land revenue by a sales tax on agricultural produce, reorganization of the present system of village administration, rural and urban water-supply schemes, reduction in menial establishments and abolition of Regional Officers in certain departments.

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The recommendations already made by the Committee are under consideration. If they are all accepted by the Government, they will reduce expenditure by over Rs. 1 crore a year.

38. Turning now to the figures of estimated revenue and expenditure to be met from current revenues according to the Revised Estimate for 1947-8, the position is as follows:—

Revised
Estimate,
1947-8.
Summary of
total figures.

	Budget Estimate, 1947-8.	Revised Estimate, 1947-8.	Variation, Increase (+) or Decrease (—).
	RS.	RS.	RS.
	LAKHS.	LAKHS.	LAKHS.
Revenue—			
Normal	48,24.38	55,19.17	+ 6,94.79
Transfer from the Revenue Reserve Fund	1,49.00	..	— 1,49.00
Total ..	49,73.38	55,19.17	+ 5,45.79
Expenditure on revenue account excluding expenditure on Post- war Development Schemes and net outlay on State Trading Schemes	36,58.84	47,19.20	+ 10,60.36
Expenditure on Post-war Deve- lopment Schemes	7,06.90	4,26.25	— 2,80.65
Net outlay on State Trading Schemes	6,07.07	1,18.31	— 4,88.76
Transfer to Revenue Reserve Fund	..	2,55.00	+ 2,55.00
Total ..	49,72.81	55,18.76	+ 5,45.95
Surplus	.57	.41	— .16

I need not trouble the House with the details of the changes in the figures for revenue and expenditure under the various heads in the Revenue Account, but will mention briefly the main reasons for the more important variations from the budget figures.

Under revenue, there is a large increase of Rs. 229 lakhs under the head 'Other Taxes and Duties' which includes General Sales Tax, Entertainment Tax, Betting Tax, etc., owing to the enhancements already mentioned. An increase of Rs. 258 lakhs under 'Extraordinary Receipts' represents mainly an increase in the anticipated block grant from the Central Government for Post-war Development and Grow More Food Schemes. An increase of over Rs. 61 lakhs is anticipated under 'Taxes on Income,' but this is provisional pending the final intimation from

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the Government of India of the share of this Province from the divisible pool for the whole of this year. It is likely that the actual increase may be over Rs. 1 crore. Excise Revenue shows a betterment of Rs. 95 lakhs due mainly to the keen competition at the auctions in the non-Prohibition districts, although Prohibition was extended to eight new districts from the 1st October 1947 instead of the six contemplated in the budget. The receipts under 'Motor Vehicles Acts,' 'Agriculture,' 'Civil Works,' 'Miscellaneous' and 'Civil Defence' are larger by about Rs. 20 to 25 lakhs each. On the other hand, there are decreases of about Rs. 31 lakhs under 'Land Revenue,' Rs. 38 lakhs under 'Stamps' and Rs. 22 lakhs under 'Irrigation.' The decrease under 'Land Revenue' is mainly due to the failure of the north-east monsoon of 1947, and that under 'Stamps' to a belated adjustment of the payments due to local bodies from the proceeds of the surcharge on stamp duties relating to transfer of property realized during the previous year. Larger expenditure on the maintenance and repairs of irrigation systems is the reason for the fall in the net irrigation revenue.

The amount taken over by the Government from the Minor Ports Fund in 1938-9 was repaid to that Fund with interest in the current year as this was found to be necessary in order to enable the Fund to carry out improvements urgently required by the Minor Ports. The payment of Rs. 47 lakhs on this account is recorded as a refund under the head 'Ports and Pilotage.'

As regards expenditure on Revenue Account, there is a large increase of Rs. 175 lakhs under the head 'Police,' due to the formation of the four new units of Armed Police and of the Home Guards, the revision of the pay of Police subordinates and the employment of additional staff for the enforcement of Prohibition. 'General Administration' shows an increase of Rs. 121 lakhs, due mainly to the revised procedure of crediting as a receipt instead of as a deduction from charges the Central Government's half share of the subsidies for sinking new wells as part of the Grow More Food Campaign. The contribution of Rs. 1 crore to the Fund for development of rural water-supply is the chief reason for an increase of about that amount under 'Public Health.' 'Agriculture' also shows

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an increase of about Rs. 1 crore, representing mainly the cost of equipment for the Agricultural Engineering Section and of tractors bought in connexion with the Grow More Food Campaign. The repayment in the current year instead of in the previous year of the loan of Rs. 85 lakhs taken from the Government of India for Grow More Food Schemes accounts for an increase of about that amount under 'Appropriation for reduction or avoidance of debt.' Apart from the decrease in the net capital outlay on State Trading Schemes (Rs. 489 lakhs) debitable to the Revenue Account under 'Extraordinary Charges,' the only large decrease of expenditure is Rs. 47 lakhs under 'Civil Works,' due mainly to the credit now taken for the recovery from the Central Government of the expenditure on National Highways.

39. The net result of the variations under all heads in the Revenue Account is that the Revised Estimate for the current year anticipates a surplus of about Rs. 255 lakhs against a deficit of about Rs. 149 lakhs in the original budget. Consequently, instead of a drawal of Rs. 149 lakhs from the Revenue Reserve Fund, the Revised Estimate shows a transfer of Rs. 255 lakhs from revenue to the Revenue Reserve Fund in the current year. There is thus a net betterment of about Rs. 4 crores.

Surplus or
Deficit.

As compared with the normal expenditure on Revenue Account (i.e., excluding the net outlay on State Trading Schemes) of about Rs. 44.8 crores in 1946-7, the anticipated normal expenditure in the current year is nearly Rs. 51.5 crores, which means an increase of Rs. 6.7 crores. The normal revenue is also expected to rise to Rs. 55.2 crores in the current year from about Rs. 52 crores last year. The extension of Prohibition to eight districts in the middle of last year and to a further eight districts in the middle of this year involves a total loss of revenue of about Rs. 4 crores. This is offset by a corresponding increase in the credit taken for subventions from the Government of India for Post-war Development and Grow More Food Schemes, to which I have already referred. Increases in revenue occur under Income-tax (about Rs. 2.4 crores) and Commercial Taxes (about Rs. 2 crores). On the other hand, the net outlay on State Trading Schemes which amounted to

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nearly Rs. 12.2 crores last year is expected to be about Rs. 1.2 crores only in the current year, so that there is a betterment of about Rs. 11 crores under this head. The net result is that, instead of drawing from the Revenue Reserve Fund to the extent of over Rs. 5 crores as in 1946-7, we expect to transfer to the Revenue Reserve Fund in the current year about Rs. 2.5 crores. The total net betterment anticipated in the current year as compared with 1946-7 is thus about Rs. 7.5 crores.

Capital and
Debt heads,
1947-8.

40. I shall now deal briefly with the figures under Capital and Debt heads for the current year. Capital Outlay is expected to fall short of the Budget provision by about Rs. 66 lakhs. The chief decrease occurs under 'Capital Outlay on Industrial Development.' A provision of Rs. 51 lakhs was made in the budget for 1947-8 for the purchase of shares in the proposed Provincial Industrial Finance Corporation and another lump sum of Rs. 50 lakhs for capital outlay on new industrial concerns in connexion with the scheme for the nationalization of basic industries, such as manufacture of cement, soda ash, etc. As it is not likely that any expenditure will be incurred on these schemes in 1947-8, the provision for them has been omitted from the Revised Estimate, apart from a token sum of Rs. 100 for the former item. On the other hand, a provision of Rs. 25 lakhs has been made in the Revised Estimate for the purchase of shares in the ammonium sulphate factory under construction by the Central Government at Sindhri, Bihar, as the provision made in 1946-7 was not utilized and it is now expected that the payment may be made in 1947-8.

There is also a large decrease of Rs. 75 lakhs under 'Civil Works,' due mainly to smaller outlay on buildings relating to the Medical Department, as the progress of works is hampered by shortages of materials.

The decrease under 'Capital Outlay on Electricity Schemes' is less than Rs. 1 lakh, but the Revised Estimate includes the provisional payment of Rs. 133 lakhs in connexion with the acquisition of the Madras Electric Supply Corporation by the Government in August 1947, for which only a token sum of Rs. 100 was provided in the Budget Estimate. The additional

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outlay on this account has been offset by smaller outlay generally under all other electricity systems, except the Pykara Hydro-Electric Scheme.

There is an increase of Rs. 70 lakhs under 'Capital Account of other Provincial Works outside the Revenue Account' for the purchase of additional buses for the State Bus Service in Madras City, for which only a token provision of Rs. 100 was made in the budget.

There is also an apparent increase of Rs. 24 lakhs under 'Irrigation' which is due mainly to a change made by the Auditor-General in accounting procedure.

The net disbursements under 'Loans and Advances' show an increase of Rs. 223 lakhs. This is due to the provision for the grant of short-term loans to the extent of Rs. 400 lakhs to the Madras Provincial Co-operative Bank for financing foodgrains procurement operations (with repayments of Rs. 200 lakhs by the Bank in the year) and for advances of Rs. 25 lakhs to Co-operative House Construction Societies.

41. A loan of Rs. 6 crores bearing interest at two and seven-eighths (2-7/8) per cent per annum was taken from the Central Government in November 1947 and is repayable in 1962. The entire proceeds of the loan will be utilized for financing Capital Outlay and for re-lending to local bodies, agriculturists, etc. No loan has been raised in the open market in 1947-8.

Loan from
the Central
Government.

42. The total outstanding balance of loans due to the Central Government on the 31st March 1948 will be Rs. 9.38 crores and the outstanding balance of loans raised in the open market will be Rs. 15.59 crores. The total outstanding loans will thus be about Rs. 25 crores, which is less than a half year's revenue at present. The loans advanced to local bodies, agriculturists and others and due to the Government will be about Rs. 9.10 crores.

Budget Estimate, 1948-9.

43. I pass now to the Budget Estimates for 1948-9. Before giving the figures for the estimated revenue and expenditure of the coming year, I shall explain some important special features of the budget.

Budget
Estimate,
1948-9
Revenue
Account.

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Land
Revenue.

44. A provision of Rs. 50 lakhs has been made for remissions of land revenue in the budget year in view of the failure of the north-east monsoon of 1947 in certain areas, in addition to the Rs. 20 lakhs provided for remissions in the current year. No allowance has been made for the effect of the Zamindari legislation now under consideration.

Extension of
Prohibition.

45. The loss of revenue on account of the extension of Prohibition to the remaining districts for one half-year during the budget year will be about Rs. 384 lakhs. There will also be additional expenditure on enforcement and ameliorative measures. A lump sum provision of Rs. 18 lakhs for the half-year is included for this under the head 'Police.'

The Police Department is in charge of the enforcement of Prohibition in some districts and the Excise Department in others. The Prohibition Enquiry Committee appointed by the Government has, in its preliminary report, recommended entrusting the work of enforcement of Prohibition to the Police Department in all districts. It has also recommended entrusting the ameliorative work connected with Prohibition to the Co-operative Department. The Government are considering the matter. From 1949-50, the Excise Revenue which rose to about Rs. 17 crores in 1945-6 will practically disappear, and the Government will also be incurring additional expenditure on enforcement and ameliorative measures to the extent of about rupees one crore a year. Enthusiastic and untiring co-operation by all sections of the people is, of course, essential to make Prohibition a success in this Province.

General
Sales Tax
Entertain-
ment Tax
etc.

46. The Budget takes credit for additional revenue of Rs. 3.75 crores as a consequence of the changes made in the rates of the General Sales Tax from the 1st January 1948. The total estimated revenue from this source is about Rs. 11.5 crores. Credit is also taken for a gross additional revenue of Rs. 30 lakhs with reference to the changes in the rates of the Entertainment Tax from the 1st January 1948, with a corresponding provision on the expenditure side for the payment to local bodies of the increased proceeds of the tax, less 10 per cent for the cost of collection, etc.

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47. The total amount provided in the Budget for Post-war Development Schemes including Capital Outlay and loans is Rs. 12.81 crores, of which the amount relating to unproductive schemes both Revenue and Capital (excluding Irrigation Capital Outlay), is Rs. 5.30 crores. The provision made for Grow More Food Schemes not included under the Post-war Development Schemes is Rs. 3.54 crores. This includes the provision of Rs. 1.60 crores already mentioned, for continuing the scheme of subsidies for sinking new wells. The details of the provision for Post-war Development Schemes and Grow More Food Schemes will be found in Appendices I and II to the detailed Budget Estimates. The Central Government have not yet indicated what block grant they will give towards the cost of these schemes in the budget year. In the absence of any definite information, credit has been taken in the Budget for a block grant of Rs. 4 crores, which is roughly 50 per cent of the estimated expenditure on schemes likely to be eligible to count against the grant.

Post-war
Development
and Grow
More Food
Schemes.

48. I have already mentioned the revision of the rates of dearness allowance paid to Government servants, etc., from January 1948. As the decision to revise the rates was taken at a late stage, only a rough lump sum provision could be entered under each major head of account for the extra cost. The total provision so made is Rs. 105.50 lakhs. The total estimated cost to the Government in 1948-9 on account of dearness allowance to Government servants, village establishments, and employees of local bodies and aided schools comes to about Rs. 55.2 lakhs.

Allowances
to Govern-
ment
Servants.

49. The Budget includes a provision of Rs. 61 lakhs in connexion with the four new Armed Police Units and Rs. 61.80 lakhs for the Home Guards.

Additional
Police.

50. The Government earnestly desire that irrigation by means of Minor Irrigation Works should be expanded to the furthest limits possible. Rs. 37 lakhs is provided in the Budget for minor irrigation works, instead of the usual provision of Rs. 17 lakhs. Every effort will be made to see that the full amount is usefully spent during the budget year. The possibility of turning spring ponds and spring channels into regular irrigation sources will be investigated.

Minor
Irrigation.

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Special steps are being taken to develop minor irrigation in the food deficit district of South Kanara, and a special staff is investigating minor irrigation schemes there.

There are practically no Government irrigation works at present in the Malabar district, but the Government hope to be able to construct some. An Act has been passed recently to provide for the levy of water-cess on lands in the Malabar district when they are supplied with water from irrigation works constructed by the Government.

**Tank
Restoration
Scheme,**

51. The Tank Restoration Scheme operations were abolished in 1931 as a measure of retrenchment. Many representations have been made that they should be revived and the Government are actively considering the question especially in view of the need for improving irrigation facilities in dry areas liable to famine and other non-deltaic areas. Pending final orders after a detailed examination of the matter, a token provision of Rs. 100 is made in the Budget for the revival of the Tank Restoration Scheme.

**Bifurcation
of the
Vizagapatam
District.**

52. The Vizagapatam district has already been divided into two districts for the purposes of the Police, Medical and Public Works Departments. The district is too heavy a charge for one Collector, and the need for dividing it into two Revenue districts has been under consideration from 1944. The Government have now decided to divide it into two Revenue districts in 1948-9. The North Vizagapatam district will have its headquarters eventually at Chicacole and will be called the Chicacole district. Detailed proposals for giving effect to this decision are awaited from the Board of Revenue. Meanwhile, a token provision of Rs. 100 is included in the Budget.

**Acquisition
of sites for
Village
Housing
Schemes.**

53. A token provision of Rs. 100 is included in the Budget for the acquisition of sites for village housing schemes. The intention is that, as far as possible, the expenditure on acquiring the sites should be recovered from the persons for whom houses will be constructed there.

**Separation
of the
Judiciary
from the
Executive.**

54. In the last Budget Speech, it was stated that, though the Government had arrived at decisions on the main principles of the scheme for the separation of the Judiciary from the Executive, the detailed scheme was not ready for sanction, and that no provi-

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sion had therefore been made for it in the Budget for 1947-8. The Government appointed a Committee of the Cabinet to examine the recommendations contained in the report submitted in November 1946 by a Special Committee. This examination has been made with the help of a special staff. The Cabinet Committee has approved of the recommendations previously made with some modifications, and has recommended that the scheme of separation should be proceeded with and applied throughout the Province. The special staff is now working out the details of the scheme. A token provision of Rs. 100 is included in the Budget for this scheme.

55. Provision has been made in the Budget Estimate for the development of basic education. The new schemes of the Education Department include schemes for the conversion of seven ordinary training schools into basic training schools, the bringing under Government management of 17 elementary schools in the Coimbatore belt area for conversion into basic elementary schools, the deputation of teachers to Sevagram, Wardha, for training in basic education, the employment of additional staff in some Government basic training schools, the employment of staff for supervision of basic schools, the supply of equipment to basic schools, and the extension of basic education generally. The cost of these schemes in the budget year is estimated at nearly Rs. 11.5 lakhs. Grants to local bodies and aided managements in connexion with the scheme of compulsory elementary education are estimated at over Rs. 59 lakhs. Attendance officers are to be appointed in 8 districts, that is for one-third of the area in which compulsory elementary education is in force, at a cost in the year of about Rs. 0.8 lakh. Provision is made for the introduction of the teaching of Hindustani in middle schools in which this language is not now taught (Rs. 0.13 lakh), grants to public libraries (Rs. 2 lakhs) and a grant to the Saraswati Mahal Library, Tanjore (Rs. 0.20 lakh). A special provision of Rs. 0.55 lakh has also been made for the extension of facilities for the education of deaf and dumb children and blind children.

Education.

Our regional languages have to be given full impetus and books must be written making the world's

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culture available in our languages. Hon. Members of this House are aware that we have inaugurated a scheme of honouring our national poets and giving prizes to the best books dealing with all aspects of literature and science. A reference book on the lines of the Encyclopaedia Britannica is also a great necessity and it is a great pity that while the North Indian languages have had a reference book of that type, our South Indian languages have not had one so far. For rendering help to the non-official attempt to get the work of that magnitude taken up and completed, we mean to give a half-grant contribution of a lakh of rupees a year for each of the two languages for five years. Provision has been made in the Budget accordingly. I am sure that this help from the Government will be appreciated on all sides and that the work taken up in Telugu and Tamil so far will gain momentum and achieve our objective.

The Government also fully realize the need for the development of higher research. Any proposals that our Universities may bring forward for the purpose will receive careful consideration.

The policy of the Government is that every taluk in the Presidency must have a high school and every district a college. In pursuance of this policy, we are starting a college at Cuddapah. Provision is also made for introducing new courses of study in various Government Colleges. Steps are also being taken for the raising to the first-grade of the Government College at Mangalore at an early date.

The provision made for the opening of adult education classes and night schools (Rs. 1.55 lakhs), and the development of elementary education in the Agency tracts (Rs. 0.21 lakh) may also be noted. The Budget also includes a lump-sum allotment of Rs. 1 lakh for playgrounds for secondary and elementary schools. Details of all new schemes of the Education Department (as well as of other departments) will be found in *Appendix I* to the Budget Memorandum.

Medical.

56. The new schemes of the Medical Department provided for in the Budget include the training of 100 additional midwives, the employment of additional nursing staff in the Hospital of Indian Medicine, a building grant to the Kasthurba Gandhi National Memorial Trust for the construction of a leprosy home

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for women and children in South Arcot district, the payment of subsidies for the employment of medical practitioners and midwives in certain subsidized rural dispensaries, and the conversion of the rural dispensary at Seethammappetta, Vizagapatam Agency, into a regular dispensary. Provision has also been made for the taking over as Government institutions of the Ettapur Children's Sanatorium and the local fund dispensary at Poonamallee, and for increases of bed strength and employment of additional staff in several Government hospitals. A special additional provision of Rs. 10 lakhs has been made for medicines and hospital necessities for mufassal hospitals and the total provision under this head is Rs. 35 lakhs.

57. Among the new schemes of the Public Health Department, I may mention the introduction of anti-malarial measures in the new settlers' colonies in Malabar district and in the Koya villages in the Polavaram Agency, West Godavari district, and a grant to the Salem District Board for anti-malarial operations. The Lady Willingdon Leprosy Sanatorium, Tirumani, Chingleput district, will come under direct management of the Government as a Government institution from the beginning of the next year. The Budget also provides for substantial improvements to the King Institute, Guindy, to enable it to manufacture plague vaccine on a large scale, and for a grant to the Provincial Research Committee for the promotion of research on public health problems.

Public
Health.

58. The Government have appointed a Special Committee with Sri K. R. Karanth as Chairman to report on the measures necessary for implementing the post-war scheme of town-planning with special reference to the Bhoré Committee's recommendations.

Town-Plan-
ning.

59. The Budget includes a total provision of about Rs. 188 lakhs for expenditure on the Post-war Development Plan for road works, of which about Rs. 185 lakhs is intended for original works and the balance of about Rs. 3 lakhs for restoring to their normal condition roads that deteriorated during the war due to inadequate expenditure on repairs on account of scarcity of materials and other causes. Of the provision of Rs. 185 lakhs for original works under the post-war development plan, Rs. 134 lakhs is intended for works in progress and Rs. 51 lakhs for new works

Road Works.

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(Rs. 21 lakhs for Provincial Highways and Rs. 30 lakhs for major district roads). Under expenditure not connected with the post-war development road plan, there is a provision of about Rs. 334 lakhs, including Rs. 27 lakhs for original works in progress and about Rs. 307 lakhs for maintenance of roads including those taken over by the Government from local bodies. The total provision for road purposes mentioned above comes to about Rs. 522 lakhs. Against this, credit is taken for a recovery of Rs. 111 lakhs from the Central Government towards the expenditure on National Highways. Thus the total provision in the Budget for direct expenditure by this Government at their own cost on the roads of the Province is the large amount of Rs. 411 lakhs. In addition, the Budget provides Rs. 31.50 lakhs for grants to local bodies for new road works included in the post-war road development plan and nearly Rs. 7 lakhs for other grants to local bodies for road works. The provision made for grants to local bodies specifically for village roads is Rs. 4.50 lakhs and the Government are considering the manner in which the provision made for village roads can be best utilized.

Grants to
local bodies.

60. The Government continue to give large grants to local bodies for various purposes, some of which I have already mentioned. A consolidated statement of the provision made in the Budget for such grants for all purposes is given in an *Appendix* ^a to the copy of my speech. It has been the policy of the Government not to give building grants in the case of buildings for secondary schools for boys except in very special cases. The Government hope that it may be possible for them to relax this restriction at no distant date. I should like to draw particular attention to another item, namely, 'Arrears of compensation for loss of income from tolls.' During the years 1931-2 to 1940-1 the total actual payments of toll compensation to local bodies were nearly Rs. 296 lakhs less than the total maximum toll compensation for that period (Rs. 68.30 lakhs per annum) under the provisions of section 10 of the Madras Motor Vehicles Taxation Act, 1931. In 1944-5, the Government decided that, subject to availability of funds, this deficiency should be made good by special contributions from Provincial revenues

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in four annual instalments. Three instalments of Rs. 74 lakhs each have accordingly been made and the fourth and the last instalment (Rs. 73.96 lakhs) will be paid in the budget year. This special contribution is paid to local bodies for the improvement of village roads and conservancy and for wiping off deficits. As this special payment of nearly three-fourths of a crore of rupees a year will cease with effect from 1949-50, the Government expect the local bodies to take adequate steps to augment their resources and close this gap.

61. The Government are giving special attention to promoting the welfare of the people of the Agency tracts. I have mentioned earlier some of the new schemes for these areas. Hon. Members will find details of the provision made in the Budget for expenditure in these areas in an *Appendix* ^a to the copy of my speech. As the hon. Members are aware, the Government appointed, in November 1946, a Committee to enquire into the material conditions of the aboriginal tribes living in this Province, including those living in the Madugole Agency and other Agency tracts, and to suggest ways and means for their uplift. The Committee has since finished its enquiry and the Secretary has submitted a report. The recommendations are under the active consideration of the Government.

Agency
tracts.

62. I have mentioned earlier the Government's desire to give adequate relief for the distress caused by the failure of the north-east monsoon of 1947 in many districts. The Budget includes a provision of Rs. 50 lakhs for Famine Relief, which will be taken from the balance in the Famine Relief Fund. As this will reduce the balance in the Fund to about Rs. 39 lakhs, a contribution of Rs. 5 lakhs will be made to the Fund from revenues in 1948-9 in accordance with the provisions of the Madras Famine Relief Fund Act, 1936.

Famine
Relief.

63. As in the current year, provision is made in the Budget for expenditure on the relief of refugees from Pakistan. The estimated expenditure of nearly Rs. 20 lakhs will be recovered in full from the Government of India. In addition, Rs. 10,000 is provided for the relief of Madras refugees from Hyderabad.

Expenditure
on Refugees.

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Procurement
of foodgrains,
etc.

64. As a result of the Government's decision to de-control foodgrains gradually, the expenditure on the staff employed for the control schemes administered by the Civil Supplies Department is expected to fall to about Rs. 67 lakhs in the Budget year against Rs. 116 lakhs in the current year.

State Trading
Schemes.

65. The estimated net outlay on State Trading Schemes in 1948-9 is Rs. 404 lakhs, including a special provision of Rs. 150 lakhs for food subsidies which may be required in view of the adverse effect on food supplies on the failure of the north-east monsoon of 1947 in many districts. The value of manure (about Rs. 1.5 crores) to be supplied next year on food bonus coupons issued in the current year is also included in the estimated net outlay.

Irrigation.

66. The only very big irrigation project now under execution is the Tungabhadra Project. The Government anticipate that Rs. 2.9 crores will be spent on this Project in 1948-9. An Act was passed recently to check speculation in land in the project area. The Budget also provides for further work on some other important Post-war Irrigation schemes already sanctioned. The provision includes Rs. 30 lakhs for the Lower Bhavani Project, Rs. 20 lakhs for improvements to the Romperu drain, Rs. 4 lakhs for improvements to the Peddalanka drain, and Rs. 7 lakhs for drainage improvements in the Cauvery Delta.

The Budget makes a lump-sum provision of Rs. 70 lakhs (Rs. 32 lakhs in the Revenue Account and Rs. 38 lakhs in the Capital Account) for new Grow More Food Irrigation Schemes. A list of the schemes that will be considered in connexion with this lump-sum provision is given in *Appendix II* * to the Detailed Budget Estimates. In view of the serious food situation, this lump-sum provision has been made as a special case in order to facilitate the introduction of a large number of schemes in accordance with the 'new service' procedure during the course of the budget year as and when they are ready. Specific provision is also made separately for a number of individual new Grow More Food Irrigation Schemes that are ready for introduction.

Ramapada-
sagar Pro-
ject.

As regards the Ramapadasagar Project, the Budget provides Rs. 2 lakhs in the Revenue Account

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for completing the detailed investigation. The data required by the Board of Consulting Engineers, which comprises four international experts, have been furnished to them. The Consulting Engineers have reported that the dam is unquestionably feasible. Only a few confirmatory tests and preliminary experiments remain to be done, and it is expected that these will mostly be completed during the coming hot weather. The investigation of the left bank canal system is complete and that of the right bank canal will be taken up soon. Detailed reports on the investigation of the project are expected shortly. The financial aspect of the project and the method of financing it are under discussion with the Central Government. Before the project can be sanctioned, agreements have to be made with the Governments of Hyderabad, Bastar State and Orissa as to the acquisition of the submergible areas in their respective territories. A token sum of Rs. 100 is provided in the Capital section of the Budget for the execution of this project. The Government intend to place a supplementary demand before the Legislature with full information about the Project before it is actually sanctioned.

I may mention in this connexion that the Government have recently sanctioned the preliminary investigation of another very large Project, namely the Kistna-Pennar Project, and the necessary provision has been made for this in the Budget. According to a very rough forecast, this scheme will cost about Rs. 78 crores. The period of construction may range from 7 to 15 years. The Government attach very great importance to this Project, which should bring great benefits to the Ravalaseema and considerably reduce its liability to serious famine.

Kistna-Pennar Project.

67. The Government wish to make every effort to bring about a rapid development of industries on sound lines in the Province. As the scheme for the establishment of a Provincial Industrial Finance Corporation has not yet been fully worked out, only a token sum of Rs. 100 for this purpose is retained in the Revised Estimate for 1947-8. It is, however, anticipated that the Corporation will be formed in the budget year, and a provision of Rs. 51 lakhs is made in the Budget Estimate for the Government's subscription towards the share capital of the Corporation.

Industrial Development.

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The reserves of iron ore in this Province are estimated at over 304 million tons in Salem and Trichinopoly districts and over 3 million tons in Kurnool district. A sample of the ore was sent to the firm of Krupps in Germany; they reported that it was amenable to magnetic concentration and that the iron oxide content could be improved to over 95 per cent. We have impressed on the Central Government the need to exploit the iron ore of this Province as soon as possible. If the Central Government do not take any action in the matter, we shall endeavour to arrange for the production of iron and steel in the Province on our own account. The Government are also keenly alive to the need for the production of heavy chemicals in the Province and are considering what assistance they should give to encourage the establishment of heavy chemical industries in the Province. Investigations made by the Geological Survey of India revealed the existence of lignite deposits in and around the Cuddalore and Vridhachalam taluks of South Arcot district over an extent of 23 square miles at a depth of 150 to 200 feet. The estimated reserves of lignite in the area are about 500 million tons. The Government are now investigating the question of the economic mining of the mineral and the possibility of its use in metallurgical industries. A Mining Engineer recommended by the Coal Commissioner, Calcutta, has been appointed for this purpose. A proposal to establish a cement factory at Kurnool with an annual productive capacity of 100,000 tons with Government assistance is under examination. No provision has, however, been included in the Budget for Capital Outlay on new industrial concerns. The new schemes of the Industries Department for which provision has been made in the Revenue Account include the reorganization of the Industrial Engineering Workshops, Madras, the opening of a Ceramic School at Gudur, and the establishment of an Oil Technological Institute in Anantapur district.

68. I have referred to some of the schemes for the benefit of Rayalaseema when dealing with individual departments. As the hon. Members are aware, a Development Commissioner is now formulating a co-ordinated plan for the economic development of Rayalaseema. When his report is received, the Government will give it very careful consideration.

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69. Coming now to the figures for the estimated revenue and expenditure on Revenue Account in the Budget for 1948-9, the position is as follows:—

Budget
Estimate,
1948-9.
Summary of
total figures.

	Revised Estimate, 1947-8.	Budget Estimate, 1948-9.	Variation Increase. (+) or decrease (-).
	LAKHS. RS.	LAKHS. RS.	LAKHS. RS.
Revenue—			
Normal	55,19.17	50,32.31	— 4,86.86
Transfer from the Revenue Reserve Fund	..	5,62.00	+ 5,62.00
Total ..	55,19.17	55,94.31	+ 75.14
Expenditure on Revenue Account excluding expenditure on Post-war Development schemes, net outlay on State Trading schemes and transfer to the Revenue Reserve Fund.	47,19.20	47,05.92	— 13.28
Expenditure on Post-war Development schemes ..	4,26.25	4,83.26	+ 57.01
Net outlay on State Trading Schemes	1,18.31	4,04.42	+ 2,86.11
Transfer to the Revenue Reserve Fund	2,55.00	..	— 2,55.00
Total ..	55,18.76	55,93.60	+ 74.84
Surplus ..	0.41	0.71	+ 0.30

I have explained already the important features of the coming year's budget, and it is not necessary now to give any detailed explanations of the figures. These will be found in the Finance Secretary's Budget Memorandum. Hon. Members will find in *Appendix X* in Part III of that Memorandum a new statement giving an analysis of the expenditure on Revenue Account under certain broad headings, such as pay of officers, pay of establishments, allowances, contingencies, etc. A statement showing the revenue and expenditure on Revenue Account under each major head of account, and the revenue surplus or deficit for each of the nine years from 1937-8 (the first year of Provincial Autonomy) to 1945-6 will be found in an *Appendix a* to the copy of my speech.

It will be noticed that the normal revenue, excluding the transfer from the Revenue Reserve Fund, next year is expected to fall by nearly Rs. 5 crores as compared with the Revised Estimate for the

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current year. Broadly speaking, this is the result of the extension of Prohibition this year and next year and the anticipated reduction in the block-grant from the Government of India for Post-war Development and Grow More Food Schemes, partially offset by the increased revenue on account of the changes made in the General Sales Tax.

Turning to expenditure, the Budget anticipates an increase of about Rs. 3.3 crores as compared with the current year, excluding the transfer of Rs. 2.55 crores to the Revenue Reserve Fund in the current year. The increase is mainly due to the larger expenditure anticipated on food subsidies, a full year's effect of the revision of the rates of dearness allowances to Government servants, etc., from the 1st January 1948, and the provision for new schemes.

New
Schemes.

70. I have already mentioned the more important of the new schemes for which provision has been made in the Budget, including those relating to the Education, Industries, Medical and Public Health Departments. Other new schemes for which provision is made include those for the transfer of the management of the panchayat forests in certain districts to the Forest Department, the extension and improvement of the road system in the Nilambur Forest Division, the appointment of additional Sub-Judges and District Munsifs in certain courts temporarily for clearing up heavy arrears of work, the establishment of a temporary Sub-Court at Kurnool, an increase in the rates of fees paid to the Government's Law Officers, the extension of the nursery area at the Pomological Station, Coonoor, the acquisition of land for a permanent farm for the Agricultural College, Bapatla, experiments and research in the Agricultural Research Institute at Coimbatore on the black-heart disease of potatoes and on the measurement of draught and the equipment and harnessing of work animals, the training of Upper Subordinates in Entomology and Mycology, a grant to the Madras Corporation for opening three Veterinary dispensaries in Madras City, grants for the construction of godowns by co-operative credit societies, the starting of Co-operative Cattle Breeding Societies in Cuddapah district, the employment of staff for the development of education in the

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Fisheries Technological Institute at Tuticorin, manurial experiments in connexion with cinchona cultivation, the extension of the activities of the Labour Department for the benefit of the eligible communities including the payment of additional lump-sum boarding grants to Harijan hostels, the provincialization of the Madras Vigilance Service, the reorganization of the Indian Women's Civic Corps as the Department of Women's Welfare with a wider sphere of activity, and the acquisition of sites in Tondiarpet for the construction of quarters for employees of the Government Press, Madras.

I should like the hon. Members to realize the significance of the setting up of a separate Department of Women's Welfare to which I have just referred. The Indian Women's Civic Corps was first started in 1941 as a voluntary organization to educate the women of this Province in Air Raid Precautionary Measures. On the termination of Civil Defence Schemes, the Government decided to retain the Corps in order to utilize its services in the work of uplift among women in the Province. Its name has been changed this year to the 'Department of Women's Welfare.' The work of this Department is carried on with the co-operation and guidance of experienced and distinguished social workers. I believe that the Madras Government are the first Government to set up a Special Department to organize social service among women, and the Government expect that its importance and usefulness will grow from year to year. In connexion with the widening of the activities of this Department, the Government have directed that a school building be constructed at Gandhigram before the end of the current year at a cost of Rs. 14,000, and workers will be trained there in three batches between February and August 1948 at a cost of about Rs. 20,000. The total provision made in the Budget for this Department is Rs. 2.58 lakhs.

The Budget also includes a lump-sum provision of Rs. 1 lakh for ameliorative measures for backward classes other than Harijans, and a detailed scheme for this purpose is being worked out.

71. From the figures I have given, it will be seen that the Revenue Account is expected to close with a deficit of about Rs. 562 lakhs in 1948-9. This will be

Revenue
Deficit.

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met by a drawal from the Revenue Reserve Fund. This deficit is arrived at after making provision for building schemes costing over Rs. 5 lakhs each in the Capital section of the accounts as in the current year, and after debiting the net outlay on State Trading Schemes, as usual, to the Revenue Account.

Capital and
Debt heads,
1948-9.

72. The total provision for capital outlay outside the Revenue Account (excluding the net outlay on State Trading Schemes and on the commutation of pensions, which will be met from current revenues) is Rs. 1,046 lakhs in the Budget for 1948-9 against Rs. 832 lakhs in the Revised Estimate for 1947-8. There is thus a total increase of Rs. 214 lakhs. Broadly speaking, this increase represents larger provision for the Tungabhadra and Lower Bhavani Irrigation Projects, for Grow More Food Irrigation Schemes and for capital outlay on Civil Works. The provision for capital outlay on Civil Works includes Rs. 6 lakhs for the construction of a building for the Government Arts College at Rajahmundry and Rs. 10 lakhs for the construction of buildings for basic training schools, Rs. 5 lakhs for the reconstruction of the Headquarters Hospital, Ellore, and nearly Rs. 7 lakhs for improvements to the King Institute, Gaiindy. As already explained, Rs. 51 lakhs is included for the purchase of shares in the Provincial Industrial Finance Corporation. As compared with the current year's Revised Estimate, larger provision is made for various Electricity Schemes, especially the Moyar Hydro-Electric Scheme (increase Rs. 70 lakhs), the Madras Power Station Extension (increase Rs. 52 lakhs) and the Machkand Hydro-Electric Scheme (increase Rs. 34 lakhs), but this is offset by the special provision of Rs. 133 lakhs included in the Revised Estimate in connexion with the purchase of the Madras Electricity System from the Madras Electric Supply Corporation. As the total payment to be made to the Madras Electricity Supply Corporation has not yet been finally determined and cannot be forecast now, only a token sum is included in the Budget for this purpose. Similarly in regard to the State Bus Service, only a token sum of Rs. 100 is included in the Budget for capital outlay on new buses, as the Government have not yet decided how far the State Bus Service will be extended next year. The Government have just

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decided to sanction the Nellore Thermal Electric Scheme and a supplementary estimate will be presented to the Legislature later.

73. Under 'Loans and Advances' the Budget takes credit for recoveries amounting to Rs. 347 lakhs and provides Rs. 485 lakhs for advances, including Rs. 40 lakhs for short-term loans to the Madras Co-operative Central Land Mortgage Bank, Rs. 200 lakhs for loans to the Madras Provincial Co-operative Bank for financing foodgrains procurement operations and Rs. 75 lakhs for loans to Co-operative House Construction Societies. The amount included for new loans to local bodies is Rs. 48 lakhs including Rs. 2.25 lakhs for a loan to the Madras City Improvement Trust for the Cox Cheri Improvement Scheme and Rs. 36 lakhs for loans to the Madras Corporation for the construction of roads, markets, water-supply, drainage and other public health schemes.

Loans and Advances by the Provincial Government.

74. The position regarding the Revenue Reserve Fund, the Famine Relief Fund, the Electricity Reserve Funds, the Village Reconstruction and Harijan Uplift Fund and the Fund for the Development of Rural Water-supply is fully set out in Appendices III to VII to the Budget Memorandum for 1948-9. We expect to spend from the Village Reconstruction and Harijan Uplift Fund, Rs. 74 lakhs in the current year and Rs. 78 lakhs in the next year.

Special Funds.

75. As usual, no credit is taken in the Budget for the proceeds of any new loan to be raised in the open market or to be taken from the Central Government in the budget year to finance capital outlay and new loans and advances. The total net outlay relating to capital heads and loans and advances shown in the Budget is about Rs. 12 crores. The Government will decide in due course what amount they will borrow in the budget year by way of open market loans or loans from the Central Government. The drawal from the invested cash balances will be reduced by the amount of any new loans raised.

New loan.

76. Taking into account the opening cash balance of Rs. 58.17 lakhs and the estimated debits and credits under all heads, the Budget for 1948-9 closes with a balance of Rs. 74.74 lakhs in cash, Rs. 378.90 lakhs in securities in the Cash Balance Investment Account and Rs. 2,33.99 lakhs in securities

Closing Balance, 1948-9.

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in the Revenue Reserve Fund. It is anticipated that the Government will also hold on the 31st March 1949 securities purchased for Rs. 423-58 lakhs in the Sinking Fund Investment Account, the Famine Relief Fund and the Electricity Depreciation Reserve and Special Reserve Funds. A statement showing the Government's capital assets and liabilities will be found in Appendix II to the Budget Memorandum and it will be seen that the value of the assets listed will exceed the liabilities by about Rs. 18 crores.

Conclusion.

77. The broad survey that I have made in this speech of the measures undertaken and envisaged by the Government will show that the Government are keenly alive to the urgent need for the development of the nation-building services and particularly the fostering of new life, independence and enterprise in our villages and the uplift of the Harijans and other backward communities, including those in the Agency tracts. The Government's commitments on account of the many ameliorative measures already introduced and those now contemplated will increase from year to year. A further continuous expansion of developmental activities is essential, if our newly-won independence is to bring with it satisfactory progress in the betterment of the lot of the common people. The disappearance of the Excise revenue will result in large deficits in the coming years, unless some new factors can be introduced that will radically improve the position. The balance of about Rs. 23 crores likely to be at the credit of the Revenue Reserve Fund on the 31st March 1949, would suffice only for a very few years if drawn on continuously to wipe out deficits in the Revenue Account on the scale now anticipated. The House will agree, I am sure, that it would be very unwise to allow large revenue deficits to recur regularly in future years and rely merely on meeting them from the Revenue Reserve Fund, as that would obviously result in a most unsatisfactory position as soon as the Fund had been exhausted. Every effort will be made to improve the Provincial revenues by all feasible means. The Government hope also to effect substantial economies in expenditure as a result of the work of the Retrenchment and Reorganization Committee. The general financial prospects of the Province depend largely on the course of prices. Any sudden or rapid

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fall in prices would produce a difficult financial position, owing to a serious fall in revenues. A further appreciable rise in prices would also cause difficulty owing to the need for further costly concessions to the lower-paid Government servants and others. There is also always the possibility of adverse seasonal conditions causing special difficulties, as just now.

The estimated amount of the share of this Government in the proceeds of the Income-tax during next year (Rs. 6.85 crores) will be affected by any changes in the rates of tax which the Government of India may decide upon in connexion with their Budget for 1948-9. Another very important element of uncertainty as to the future arises from the fact that the financial provisions of the new Constitution have not yet been settled. This Government feel strongly that there must be a more generous allocation of financial resources to the Provinces under the new Constitution than at present, so that they can develop their nation-building activities more adequately. In pursuance of this view, I have, as a member of the Constituent Assembly, given notice of a number of amendments to the Legislative Lists proposed in the Report of the Union Powers Committee appointed by the Constituent Assembly. At present, no part of the proceeds of the Corporation Tax or the Central Duties of Excise is distributed to the Provinces. By these amendments I wanted that at least 50 per cent of the net proceeds of the Corporation Tax in addition to at least 50 per cent of Income-tax and the whole of the net proceeds of the Central Excise Duties should be distributed to the Provinces.

The President of the Constituent Assembly has appointed a Committee of financial experts to consider the financial aspect of the new Constitution, and the report of this Committee is likely to be laid before the Constituent Assembly shortly. It is to be hoped that there will be general agreement in the Constituent Assembly that substantial additional resources must be made available to the Provinces. It must, however, be remembered that if, as we hope, financial resources are redistributed to the advantage of the Provinces, the ability of the Centre to give grants for Post-war Development will also be reduced. The Central Government have made a proposal that under the new

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Constitution the profits of nationalized industries shall be subject to all taxes that would be payable if they were run by ordinary joint-stock companies. This Government are not in favour of this proposal, as they consider that the practical effect of it would be largely to deprive all the Governments concerned of the opportunity of improving their revenues by running industries efficiently as State concerns.

78. Hon. Members are aware of what Hon. Pandit Jawaharlal Nehru had said on the floor of the Dominion Parliament regarding the formation of linguistic provinces. We have no official information on the subject and we do not know when exactly the Madras Province is going to be split up. I do not know whether this is the last budget speech for united Madras. I am fervently hoping that the question of boundaries would be settled by mutual consent even as Gandhiji had desired it.

Our Governor His Excellency Sir Archibald Nye is the only British Governor in the Union of India and he may be the last too. How long he would be willing to be with us is not settled and it may be, he may not be continuing till the 1949-50 Budget is presented to this House.

I take the opportunity of publicly acknowledging the great assistance he was giving me when he was presiding over our Cabinet meetings before the 15th August. Though he was a high military officer, he never countenanced extravagant expenditure and every item was scrutinized by him from the financial point of view. 'It may be very desirable, but is it very necessary? Can we afford it?' are the questions he used to put. Even in the post-Independence period, he was always taking interest in the working of my department.

In the Standing Finance Committee of the Cabinet all items of expenditure not provided for in the budget are examined. Our Premier who is the Chairman of the Committee carefully examines all such items and rejects ruthlessly all items which do not appear to be absolutely necessary. I will be failing in my duty if I do not acknowledge his vigilance and carefulness in putting down expenditure.

Further, I take this opportunity to thank the officers of the Finance Department and in particular

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Dr. Dodwell, I.C.S., the Finance Secretary to the Government. Since the separation of the Finance Department from the Chief Secretariat in 1921, nobody served as Finance Secretary as long as Dr. Dodwell did. He can claim six Madras budgets in succession to his credit. Having taken a Doctorate in Economics, he coupled academics with administration. In March this year, he is proceeding on leave preparatory to retirement and is being succeeded by Mr. T. N. S. Raghavan, I.C.S., who will be the first Indian Financial Secretary to be appointed in a permanent vacancy and I am sure he and his hard-working team would maintain the high standard and traditions of our Finance Department.

79. I have now come to the end of my speech. We do not know in what form the New Constitution will emerge finally. Whatever the future may bring, let us all dedicate ourselves anew to the service of the people and allow ourselves to be guided in all our actions by the kindly spirit of Gandhiji, so that that true freedom which is more than political freedom and for which Gurudev Tagore prayed, and the Mahatma unceasingly worked, may dawn at no distant date!

‘ Where the mind is without fear and the head
is held high;

Where knowledge is free;

Where the world has not been broken up into
fragments by narrow domestic walls;

Where words come out from the depth of
truth;

Where tireless striving stretches its arms
towards perfection;

Where the clear stream of reason has not lost
its way into the dreary desert sand of dead
habit;

Where the mind is led forward by Thee into
ever-widening thought and action—

Into that heaven of freedom, my Father,
let my country awake’.”

JAI HIND.

(Loud applause.)

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MR. PRESIDENT:—" Before the House dissects the Budget speech, the House can unanimously vote a motion of praise for the exhilarating speech delivered by the Hon. Minister for Finance." (Applause.)

THE HON. DR. T. S. S. RAJAN:—" That will not form part of the proceedings."

MR. PRESIDENT:—" The general discussion on the Budget will commence on the 3rd March 1948 at 11 a.m."

The House then adjourned to meet again at 11 a.m. on Wednesday, the 3rd March 1948.

